

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

EXAMINATION REPORT  
OF  
AUBBEENAUBBEE TOWNSHIP  
FULTON COUNTY, INDIANA  
January 1, 2006 to December 31, 2007



**FILED**  
06/03/2008



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Gary W. Feece	01-01-03 to 01-07-07
	Vacant	01-08-07 to 01-16-07
	Carol A. Chileen	01-17-07 to 12-31-10
Chairman of the Township Board	Pat Foust	01-01-06 to 12-31-06
	Dennis Reinholt	01-01-07 to 12-31-08



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF AUBBEENAUBBEE TOWNSHIP, FULTON COUNTY, INDIANA

We have examined the financial information presented herein of Aubbeenaubbee Township (Township), for the period of January 1, 2006 to December 31, 2007. The Township's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Township for the years ended December 31, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

February 13, 2008

AUBBEENAUBBEE TOWNSHIP, FULTON COUNTY  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL FUND TYPES  
As Of And For The Years Ended December 31, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
Township	\$ 10,967	\$ 14,295	\$ 19,334	\$ 5,928
Dog	568	200	268	500
Township Assistance	8,801	-	846	7,955
Firefighting	57,998	148,953	194,564	12,387
Cemetery	15,706	16,529	11,940	20,295
Levy Excess	1,023	261	-	1,284
Host Fees	92,445	26,138	108,000	10,583
Totals	<u>\$ 187,508</u>	<u>\$ 206,376</u>	<u>\$ 334,952</u>	<u>\$ 58,932</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
Township	\$ 5,928	\$ 29,594	\$ 18,599	\$ 16,923
Dog	500	-	500	-
Township Assistance	7,955	360	1,693	6,622
Firefighting	12,387	86,076	27,934	70,529
Cemetery	20,295	3,861	16,206	7,950
Levy Excess	1,284	1,394	1,284	1,394
Host Fees	10,583	44	-	10,627
Totals	<u>\$ 58,932</u>	<u>\$ 121,329</u>	<u>\$ 66,216</u>	<u>\$ 114,045</u>

The accompanying notes are an integral part of the financial information.

AUBBEENAUBBEE TOWNSHIP, FULTON COUNTY  
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Township was established under the laws of the State of Indiana. The Township provides the following services: public safety, health and social services, culture and recreation, and general administrative services.

Note 2. Fund Accounting

The Township uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Township in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Township on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the Township to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

AUBBEENAUBBEE TOWNSHIP, FULTON COUNTY  
EXAMINATION RESULTS AND COMMENTS

OFFICIAL BOND

The following official bonds were not filed in the office of the County Recorder:

Gary W. Feece, Aubbeenaubbee Township Trustee, 2006  
Carol A. Chileen, Aubbeenaubbee Township Trustee, 2007

A similar comment was noted in prior Report B28169.

Indiana Code 5-4-1-5.1(b) states in part: "Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder..."

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were not presented for examination. A similar comment was noted in prior Report B28169.

Indiana Code 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

CAPITAL ASSETS RECORDS

Inventory or record of capital assets was not presented for examination.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded on the applicable Capital Assts Ledger. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

CONTRACTS

The Township hired Burns Construction in 2006, to build a new fire station, for \$116,289. After inquiry of the Trustee, no contract was presented for review. Records presented for examination also indicated payments were made to Drew and Whitney Brockus for \$1,625 and \$1,500 in 2006 and to Darius Rude for \$2,640 in 2007 for mowing services without contracts. Also, payments of \$7,000 were made to the Aubbeenaubbee Volunteer Fire Department in 2006 and 2007 without a written contract. A similar comment was noted in prior Report B28169.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

AUBBEENAUBBEE TOWNSHIP, FULTON COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

SALES TAX

Sales tax was paid on all payments to NIPSCO.

Governmental funds generally are exempt from the payment of sales tax on qualifying purchases. Respective tax agencies should always be contacted concerning tax exemptions and payments. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

TOWNSHIP ASSISTANCE WITHOUT APPLICATIONS

No applications for Township Assistance were presented for review for the year 2006. A similar comment was noted in prior Report B28169.

Indiana Code 12-20-6-1 states: "A township trustee may not extend aid to the individual or a household unless an application and affidavit setting forth the personal condition of the individual or household has been filed with the trustee within one hundred eighty (180) days before the date aid is extended."

PUBLIC WORKS CONTRACT IN EXCESS OF \$100,000

According to the Township Board minutes of January 3, 2006, a public works project was awarded to Burns Construction to build a new fire station for \$111,389. Retainage was not withheld from payments to the contractor and placed in an escrow account; and no written agreement or contract was presented for examination.

Indiana Code 36-1-12-14(b) states in part: "A board that enters into a contract for public work, and a contractor who subcontracts parts of that contract, shall include in their respective contracts provisions for the retainage of portions of payments by the board to contractors, by contractors to subcontractors, and for the payment of subcontractors. Either the board or contractor, or both, shall place the retainage in an escrow account, with a bank, savings and loan institution, or the state as the escrow agent. The escrow agent shall be selected by mutual agreement between board and contractor or contractor and subcontractor under a written agreement among the bank or savings and loan institution . . ."

APPROPRIATIONS

Records presented for examination indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
Firefighting	2006	<u>\$ 6,549</u>

A similar comment was noted in prior Report B28169.

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

AUBBEENAUBBEE TOWNSHIP, FULTON COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

PAYROLL DEDUCTIONS

Payments totaling \$2,000 in each year during 2006 and 2007 were made to the Township Clerk without payroll deductions for Social Security or Medicare. A similar comment was made in prior Reports B20569 and B27338.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform compliance Guidelines Manual for Townships, Chapter 13)

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

DISBURSEMENT DOCUMENTATION

Payments were observed to Burns Construction (Burns) which did not contain adequate supporting documentation such as receipts or invoices. Supporting documentation for payments #1 for \$8,160 and #5 for \$28,783 was not made available. The January 3, 2006, Board minutes stated a public works project was awarded to Burns for \$111,389, but total payments on the project were \$116,289. Only one change order, which was a part of payment #4, for \$600 was provided for review.

Due to lack of supporting information, the validity and accountability for some monies disbursed could not be established.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

CONDITION OF RECORDS

Financial records presented for examination were incomplete and not reflective of the activity of the Township's funds. The records presented did not provide sufficient information to examination or establish beginning balances, receipts, disbursements, ending balance, or the accuracy or correctness of the transactions. Individual fund balances did not agree to the total all funds in the financial and appropriation ledger at any time during the examination period. The Board approved cashing \$7,000 in

AUBBEENAUBBEE TOWNSHIP, FULTON COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

certificates of deposit (CD's) on January 20, 2006, and to receipt them to the General Fund. The CD's were cashed early, incurring penalties of \$95.73, but were receipted to the Cemetery Fund. A similar comment was contained in the prior Report B28169.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

PERSONAL EXPENSES

The former Trustee, Gary W. Feece, won the primary election for Aubbeenaubbee Township Trustee on May 8, 2006. Mr. Feece accepted a new job during the summer of 2006, in the State of Washington. Mr. Feece won the general election for Aubbeenaubbee Township Trustee for the term January 1, 2007 to December 31, 2010, on November 7, 2006. The Township paid \$502.80 on November 14, 2006, to "Going Places Travel" for a round-trip airline ticket from Pasco, Washington to South Bend, Indiana for Mr. Feece; the ticket is for a flight scheduled to leave on January 3, 2007, and return January 8, 2007. The November 26, 2006, Township Board minutes indicated that Mr. Feece was leaving on Tuesday, November 28, 2006, for his new job in the State of Washington. The current Trustee, Carol A. Chileen, stated Mr. Feece was flown back early in 2007 to be sworn in and then promptly resigned the position as Trustee.

Indiana Code 36-6-4-2(b) states: "The township trustee must reside within the township as provided in article 6, Section 6 of the Constitution of the State of Indiana. The trustee forfeits office if the trustee ceases to be a resident of the township."

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental entity may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Since the Trustee automatically forfeited office when he ceased to be a resident of the Township, a formal swearing and resignation was not necessary. Accordingly the airline tickets are considered a personal expense of Gary W. Feece. We requested Gary W. Feece reimburse the Township \$502.80 for the ticket purchased. (See Summary, page 11)

AUBBEENAUBBEE TOWNSHIP, FULTON COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on February 13, 2008, with Carol A. Chileen, Trustee.  
The official concurred with our findings.

AUBBEENAUBBEE TOWNSHIP, FULTON COUNTY  
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Gary W. Feece, former Trustee: Personal Expenses, page 9	<u>\$ 502.80</u>	<u>\$ -</u>	<u>\$ 502.80</u>

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AFFIDAVIT

STATE OF INDIANA )  
                          )  
WHITE COUNTY)

I, Andy D. Williams, Field Examiner, being duly sworn on my oath, state that the foregoing report based on the official records of the Aubbeenaubbee Township, Fulton County, Indiana, for the period from January 1, 2006 to December 31, 2007, is true and correct to the best of my knowledge and belief.

Andy D. Williams  
Field Examiner

Subscribed and sworn to before me this 22 day of May, 2008.

James E. Crawford  
Notary Public

My Commission Expires: 8-13-2015

County of Residence: White